

United States of America DEPARTMENT OF COMMERCE	DEPARTMENT ADMINISTRATIVE ORDER <u>213-1</u>	
DEPARTMENT ADMINISTRATIVE ORDER SERIES	DATE OF ISSUANCE June 1, 1988	EFFECTIVE DATE May 31, 1988
SUBJECT		
GENERAL ACCOUNTING OFFICE LIAISON AND AUDIT FOLLOW-UP		
<u>SECTION 1. PURPOSE.</u>		
<p>.01 This Order establishes policies, procedures, and responsibilities for coordinating General Accounting Office (GAO) activities within the Department of Commerce (the "Department") and for monitoring the implementation of accepted GAO recommendations.</p> <p>.02 This revision is a major rewrite of the entire Order. Accordingly, text change highlighting prescribed by DAO 200-3 does not apply.</p>		
<u>SECTION 2. SCOPE AND AUTHORITY.</u>		
<p>This Order applies to all Departmental offices and operating units, and implements the following:</p> <ul style="list-style-type: none"> a. Public Law (P.L.) 96-226, GAO Act of 1980; b. Audit follow-up responsibilities specified in the Office of Management and Budget (OMB) Circular A-50, revised September 1982 on "Audit Follow-up"; c. Reporting requirements specified in P.L. 91-510, Section 236, Legislative Reorganization Act of 1970; and d. Department Organization Order 10-5, dated August 16, 1984, which assigns the GAO follow-up function to the Office of the Assistant Secretary for Administration. 		
<u>SECTION 3. POLICY.</u>		
<p>It is the policy of the Department to carry out its GAO liaison and audit follow-up activities in an efficient and economical manner, and to comply with the audit follow-up policies, standards and guidelines prescribed by OMB. The Department will:</p> <ul style="list-style-type: none"> a. Develop and implement a management system which will provide continuous liaison and coordination among all parties throughout the GAO audit and audit follow-up process; b. Establish and maintain appropriate systems to ensure the prompt and proper resolution and implementation of audit recommendations; and c. Assign a high priority to the resolution of audit recommendations and implementation of corrective actions. 		

SECTION 4. DEFINITIONS.

.01 Audit Follow-up Official. The Secretary has designated the Assistant Secretary for Administration as the audit follow-up official of the Department. The Assistant Secretary is responsible for ensuring that:

- a. systems of audit follow-up, resolution, and corrective action are documented and in place;
- b. timely responses are made to all audit reports;
- c. disagreements are resolved;
- d. corrective actions are actually taken; and
- e. semi-annual reports required by OMB Circular A-50 are sent to the head of the Department.

.02 Operating unit GAO Liaison Officer. Official designated by the head of the operating unit to monitor and coordinate GAO activities within the operating unit, to coordinate the preparation of the operating unit responses, and to monitor the implementation of recommendations.

.03 Final GAO Report Final reports issued by GAO to the Congress or the head of a Department. OMB Circular A-50 requires written comments to the report from the Department within 60 days if recommendations are included in the report.

.04 Draft GAO Report Preliminary GAO report issued to agencies. OMB Circular A-50 requires that agency comments on draft GAO reports be submitted within 30 days from the issuance of the report.

.05 Action Office. The operating unit designated to prepare the response to a GAO report.

.06 Resolution. The point at which the agency management agrees on action to be taken on reported findings and recommendations. In the event of disagreement, the point at which the audit follow-up official determines the matter to be resolved. For GAO reports, resolution occurs when the Department responds to the Congress, as required by Section 236 of the Legislative Reorganization Act of 1970.

.07 Finding. A written description of a problem area or an area which can be made more efficient, economical and/or effective as disclosed by audit. Findings serve as a basis for recommendations.

.08 Recommendation. A course of action recommended to Department management which is intended to address an issue noted by a finding in the audit report.

.09 Corrective Action. Measures taken to implement resolved audit findings and recommendations.

SECTION 5. RESPONSIBILITIES.

.01 Assistant Secretary for Administration is the senior official designated by the Secretary as the audit follow-up official. The audit follow-up official will:

- a. ensure that systems of follow-up, resolution and corrective action are documented and in place;
- b. ensure that timely responses are made to all audit reports;
- c. provide semi-annual reports to the Secretary on the status of all unresolved audit recommendations over six months old, the reasons therefor, and a timetable for their resolution; and the number of recommendations resolved during the period;
- d. provide for periodic analysis of resolution of audit recommendations and corrective action to determine trends and system-wide problems, and to provide recommendations;
- e. ensure that performance appraisals of appropriate management officials reflect effectiveness in resolving and implementing audit recommendations; and
- f. provide for periodic evaluations of whether the GAO liaison and audit follow-up system results in prompt, efficient management action which complies with the policies and standards prescribed by OMB.

.02 Office of Management and Organization (OMO) will act on behalf of and be responsible to the Assistant Secretary for Administration for GAO audit coordination, reports clearance and audit follow-up matters in the Department. OMO is responsible for:

- a. establishing and maintaining effective management systems to ensure that all regulatory requirements regarding GAO audit follow-up are met;
- b. ensuring that all required reporting requirements are met in connection with GAO audit follow-up;
- c. serving as the official point of contact with GAO for matters regarding audit notification, reports clearance, status of action on report recommendations, etc.;
- d. providing policy and procedural guidance to the operating unit GAO liaison officers;
- e. coordinating clearance of draft and final reports for the Department;
- f. monitoring the status of actions taken on GAO report recommendations; and
- g. maintaining official files of draft and final GAO reports and other correspondence.

.03 Secretarial Officers, heads of Departmental offices, and heads of operating units are responsible for:

- a. ensuring that controls are implemented to provide timely, accurate, and complete responses to audit reports;
- b. developing, advocating and clearly documenting the operating unit's position regarding audit recommendations;
- c. designating GAO liaison officer to act as a point of contact for the organization on all GAO audit matters;
- d. implementing corrective actions that have been agreed upon during the process of resolution,
- e. ensuring that performance standards of appropriate officials reflect effectiveness in resolving and implementing audit recommendations; and
- f. ensuring that appropriate reporting requirements, as identified in Section 6. of this Order, are met.

.04 Operating Unit GAO Liaison Officer is responsible for ensuring that the operational requirements of this Order are met. The liaison officer serves as the central point of contact for the operating unit on all GAO-related activities.

.05 Executive Secretariat is responsible for receiving all formal GAO reports and correspondence; exercising control by assigning and delivering the report to the appropriate action office; and promptly providing the OMO and other appropriate offices with copies of such reports and/or correspondence.

.06 Office of the General Counsel (OGC) is responsible for reviewing and evaluating proposed operating unit replies to GAO reports. The OGC also transmits the response to final GAO reports to the House Committee on Government Operations and the Senate Committee on Governmental Affairs in accordance with Section 236 of the Legislative Reorganization Act of 1970.

.07 Office of Inspector General is responsible for reviewing and evaluating proposed operating unit replies to GAO reports.

.08 Office of Budget is responsible for reviewing and evaluating proposed operating unit replies to GAO reports regarding budget matters. The Office of Budget also annually submits a written statement to the Committees on Appropriations of the Senate and House of Representatives in accordance with Section 236 of the Legislative Reorganization Act of 1970.

SECTION 6. ACTION REQUIREMENTS.

.01 Notification of audit by GAO. GAO has agreed to give the Department advance notice of all reviews it conducts. If the review will result in a written report, GAO will provide written notification of the review. The written notification is addressed to the Secretary, Assistant Secretary or other comparable official having responsibility for the area or program to be reviewed. The Assistant Secretary for Administration, as audit followup official, is also provided a copy of the letter.

a. GAO contacts OMO by telephone to provide advance notice of a proposed audit when the audit will not result in the issuance of a report. OMO will promptly inform the operating unit's GAO liaison officer of proposed reviews by providing a copy of the notification letter to the operating unit's GAO liaison officer. If there is no written notification, OMO will notify the operating unit by telephone of the proposed review and pertinent information.

b. If an audit is conducted in an operating unit and notification of the audit has not been received through OMO, the operating unit GAO liaison officer will notify OMO of the audit.

c. GAO provides the Department with a monthly listing of active jobs. OMO will distribute copies of this listing to the operating unit liaison officers.

.02 Review and comments on draft reports. GAO normally issues draft reports to agencies for their review and comments so that agency comments may be incorporated in the final report. In accordance with P.L. 96-226 and OMB Circular A-50, the Department's comments on the draft GAO report will be provided to GAO within 30 days of issuance. If the Department cannot respond within 30 days, additional time may be requested from GAO.

a. All draft reports are received by the Department's Executive Secretariat which assigns a control number and delivers the report to the appropriate action office. The Executive Secretariat also assigns a due date for the action office's comments. The due date will be 20 calendar days from the date of the issuance of the report. Comments prepared by the action office will be submitted to OMO by the due date. The Executive Secretariat also provides information copies to the Assistant Secretary for Administration, General Counsel, OIG and other Departmental offices as appropriate.

b. The operating unit assigned as the action office will prepare the Department's response to the report. The response will be signed by the head of the operating unit or the deputy.

1. The operating unit's GAO liaison officer will inform OMO in advance that additional time will be needed if the operating unit determines that a response cannot be prepared by the due date. The liaison officer will also inform OMO when comments can be expected. If the delay in receipt of reply from the action office will jeopardize providing a reply to GAO by the due date, OMO will request additional time from GAO for responding to the report.

2. The response should be prepared in letter format, addressed to the transmittor of the report. The report should be signed by the head of the operating unit or the deputy(see Exhibit 1 to this Order).

3. The response should address each recommendation directed to the Department and indicate whether the operating unit agrees or disagrees with the recommendations. Reason(s) for the position taken on the recommendation must also be given.

c. OMO will review and evaluate the operating unit's response to determine if it addresses all of the recommendations in an accurate, specific and reasonable manner. The response will then be sent to the Inspector General and the General Counsel's office for review and clearance. The response may also be sent to the Office of Budget for clearance if appropriate.

d. The offices of the Inspector General and General Counsel will review and clear the response in three calendar days. Clearances may be provided by telephone but should be followed up in writing. If changes are suggested to the response, OMO will coordinate any necessary changes to the reply with the action office.

e. OMO is responsible for preparing the cover letter forwarding the response for signature by the Assistant Secretary for Administration and for transmitting the signed response to GAO.

.03 Review and comment on final reports. GAO issues final reports to the Congress or the head of an agency. P.L. 96-226 and OMB Circular A-50 requires written comments whenever a GAO report contains recommendations to the head of a Federal agency. Written comments addressing the report's recommendations will be provided by the Department to GAO and OMB within 60 calendar days from the date of the issuance of the report.

a. All reports are received by the Executive Secretariat, which assigns a control number and delivers the report to the appropriate action office. The Executive Secretariat assigns a due date for the action office's comments. The due date will be 40 calendar days from the date of the issuance of the report. Comments prepared by the action office will be submitted to OMO by the due date. The Executive Secretariat also provides information copies to the Assistant Secretary for Administration, the General Counsel, OIG and other Departmental offices as appropriate.

b. The operating unit assigned as the action office will prepare the Department's response to the report. The response will be signed by the head of the operating unit or the deputy.

c. The operating unit's GAO liaison officer will inform OMO in advance that additional time will be needed if the operating unit determines that a response cannot be prepared by the due date. The liaison officer will also inform OMO when comments can be expected.

d. The response will be prepared as a cover letter with an enclosure. The cover letter should be an overview or background position statement on the report. The enclosure should fully address the Department's response to each recommendation (see Exhibit 2 to this Order). If necessary, the enclosure should also state disagreements with specific factors or conclusions of the report and provide updated and clarifying information. Each recommendation should be stated or paraphrased and followed by the Department's response. If necessary, the enclosure should also state disagreements with specific facts or conclusions of the report and provide updated and clarifying information. The response to each recommendation should clearly show one of the following:

1. Concurrence and the action proposed. Whenever possible, the response should include tentative dates to carry out the recommendation.

2. Nonconcurrence and the specific reasons for nonconcurrence.

3. A deferral of a decision because more information is needed before a decision can be made. In this event the response should state the type of additional information to be gathered, and the date that information will be available and a decision made.

e. OMO will review and evaluate the operating unit's response to determine if it addresses all of the GAO recommendations in an accurate, specific and reasonable manner. The response will then be sent to the offices of the General Counsel and Inspector General for review and clearance. The response may also be sent to the Office of Budget for clearance if appropriate.

f. The offices of the General Counsel and Inspector General will review and clear the response in three calendar days. Clearances may be provided by telephone but should be followed up in writing. If changes are suggested to the response, OMO will coordinate any necessary changes to the reply with the action office.

g. OMO is responsible for preparing the cover letter, forwarding the response for signature by the Assistant Secretary for Administration and for transmitting the signed response to GAO. A copy of the response is also sent to OMB.

.04 Special advance clearance and coordination requirements. The operating unit's response to a GAO draft or final report will be subject to advance clearance and/or coordination by OMB when the response:

a. expresses views on proposed or pending legislation; or

b. deals with other agencies or with executive branch budget policies.

c. OMO will submit the proposed response to the OMB Desk Officer for the Department after internal clearances have been obtained. If OMB has comments, OMO will coordinate with the action office and internal clearance offices to incorporate changes/suggestions from OMB.

.05 Statement to Congressional Committees on final reports. In accordance with Section 236 of the Legislative Reorganization Act of 1970, when a GAO report contains a recommendation to the head of a Department, statements must be filed with Congressional Committees as follows:

a. The Office of Budget will submit an annual written statement to the Committees on Appropriations of the Senate and House of Representatives, in connection with the first request for appropriations submitted to Congress more than 60 days after the date of the GAO report. The statement will report on action taken or to be taken by the agency regarding recommendations to the head of the agency. A copy of the annual statement will be provided to OMO.

b. The Office of the General Counsel will submit a written statement to the House Committee on Government Operations and the Senate Committee on Governmental Affairs no later than 60 calendar days after the date of the report. The statement will report the action taken or to be taken by the Department regarding the recommendations to the Secretary of Commerce. A copy of the statement to the Congressional committees will be provided to OMO.

.06 Implementation of recommendations. The action office will take appropriate action on all recommendations which have been agreed to by the agency. Corrective action(s) should be initiated promptly.

a. The action office is responsible for providing information on the current status of the corrective action(s) by the 15th of the month following the close of each fiscal quarter (January, April, July, October). This report should be forwarded to the Director, OMO under the signature of the head of the operating unit. The information submitted on the implementation of corrective actions will be used by OMO in preparing the semi-annual report to the Secretary on the status of implementation of recommendations.

b. OMO will maintain Department records on all recommendations and corrective actions which have been agreed to by the agency and will issue quarterly status reports to the action offices on all open recommendations. The quarterly status report will be provided to the action office not later than two weeks prior to the report due date (see Exhibit 3 to this Order).

SECTION 7. EFFECT ON OTHER ORDERS.

This Order supersedes Department Administrative Order 213-1, dated October 18, 1971, as amended.

signed,
Assistant Secretary for Administration

Office of Primary Interest
Office of Management and Organization

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Administration
Washington, D.C. 20230

Mr. John Luke
Associate Director
Resources, Community and Economic
Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Luke:

Thank you for your letter requesting the Department's comments on the draft General Accounting Office report entitled " (full title) ."

(Paragraph two: If applicable, use this paragraph for comments of a general nature which do not specifically address the individual recommendations.)

(Paragraph three: List each recommendation, concurrence or nonconcurrence, and actions taken. Reasons must be given for nonconcurrence. Each recommendation may be addressed as a separate paragraph.)

We appreciate this opportunity to comment on the draft report.

Sincerely,

(Head of Operating Unit)

**** SAMPLE LETTER FOR RESPONSE TO DRAFT REPORT ****

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Administration
Washington, D.C. 20230

Honorable Charles A. Bowsher
Comptroller General of the
United States
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Bowsher:

Enclosed is a copy of the Department of Commerce reply to the
General Accounting office final report entitled " (full title) ."

These comments are prepared in accordance with the Office of Management and
Budget Circular A-50.

Sincerely,

Kay Bulow
Assistant Secretary
for Administration

Enclosure

**** SAMPLE LETTER FOR RESPONSE TO FINAL REPORT ****

COMMENTS: If applicable, general comments which do not address specific recommendations.

RECOMMENDATION: Quote or paraphrase the recommendation from the report.

RESPONSE: The Department concurs/does not concur with the recommendation.

Describe what action is proposed and tentative dates (when appropriate) to carry out the recommendation. If there is nonconcurrence, state reason(s)

Each recommendation and response should be addressed separately.

**** SAMPLE RESPONSE TO FINAL REPORT ****

GAO OPEN RECOMMENDATIONS

Operating Unit: ADMIN GAO#: GAO/RCED-86-21

Department of Commerce's Second-Year Efforts to Implement the Federal Managers' Financial Integrity Act

RECOMMENDATION: The Secretary should direct the Assistant Secretary for Administration to revise DOC's segmentation guidelines to specify criteria for determining when automatic data processing (ADP) should be considered a separate assessable unit.

Status: Action in process.

Estimated completion date is 02/87. The Department drafted guidance which contains specific criteria for segmenting assessable units containing major ADP activities and for reviewing ADP sites. The Department plans to issue guidance during the first half of fiscal year 1987.

Completion date: 02/01/87 SLIPPAGE (new date):

Responsible official and telephone number: Gerald Tache' 377-0142

ON: The Secretary of Commerce should direct the Assistant Secretary for Administration to require managers to identify specific risks and controls associated with their activities on their vulnerability assessment forms.

Status: Action in process.

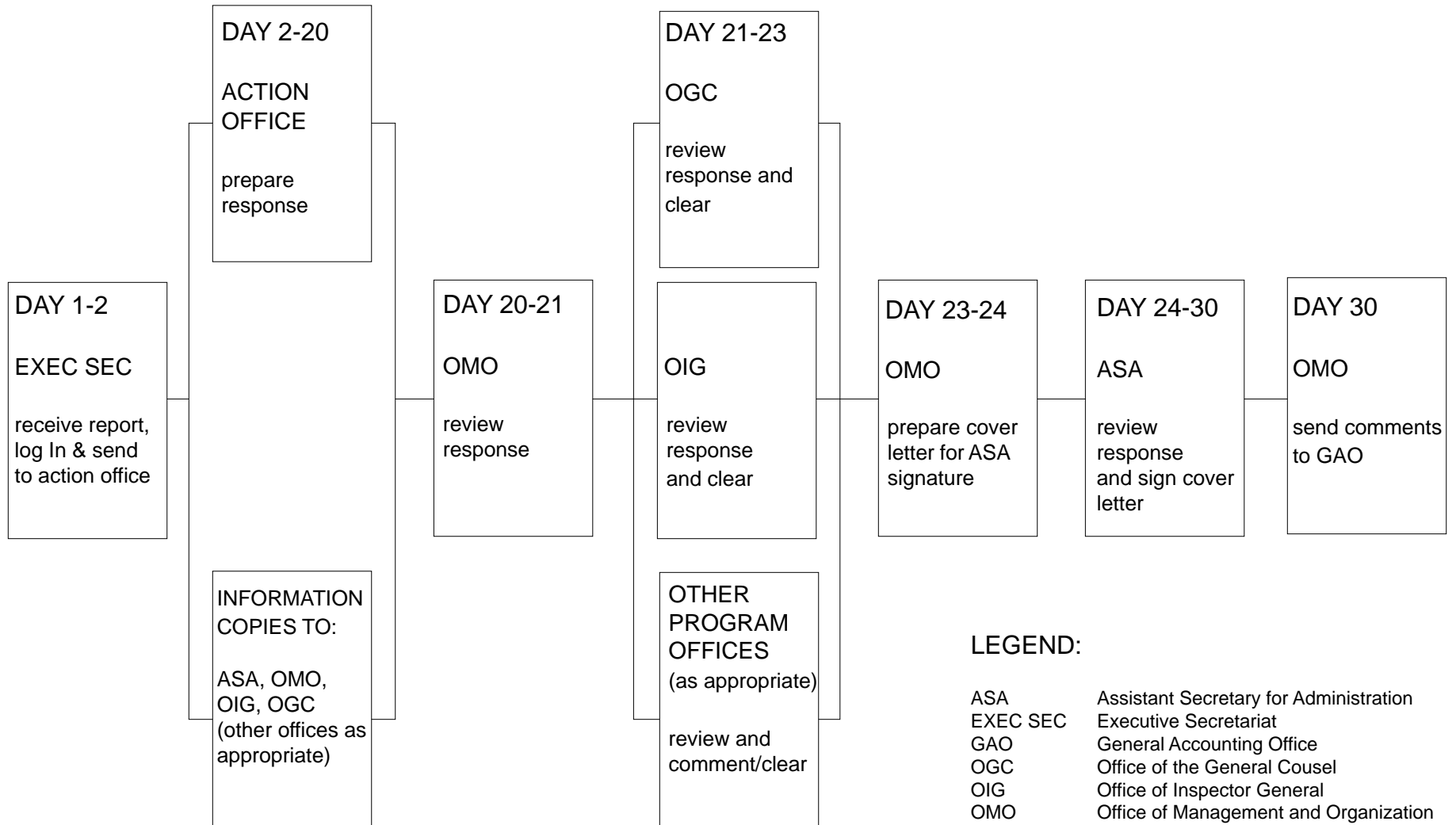
Estimated completion date is 02/87. Revised 014B Circular A-123 permits either a vulnerability assessment or an alternative procedure which will identify potential risks in operations. The Department has opted to use the alternative procedure not involving the vulnerability assessment forms. Criteria for managers to use to identify these risks should be issued 02/87.

Completion date: 02/01/87 SLIPPAGE (new date):

Responsible official and telephone number: Gerald Tache' 377-0142

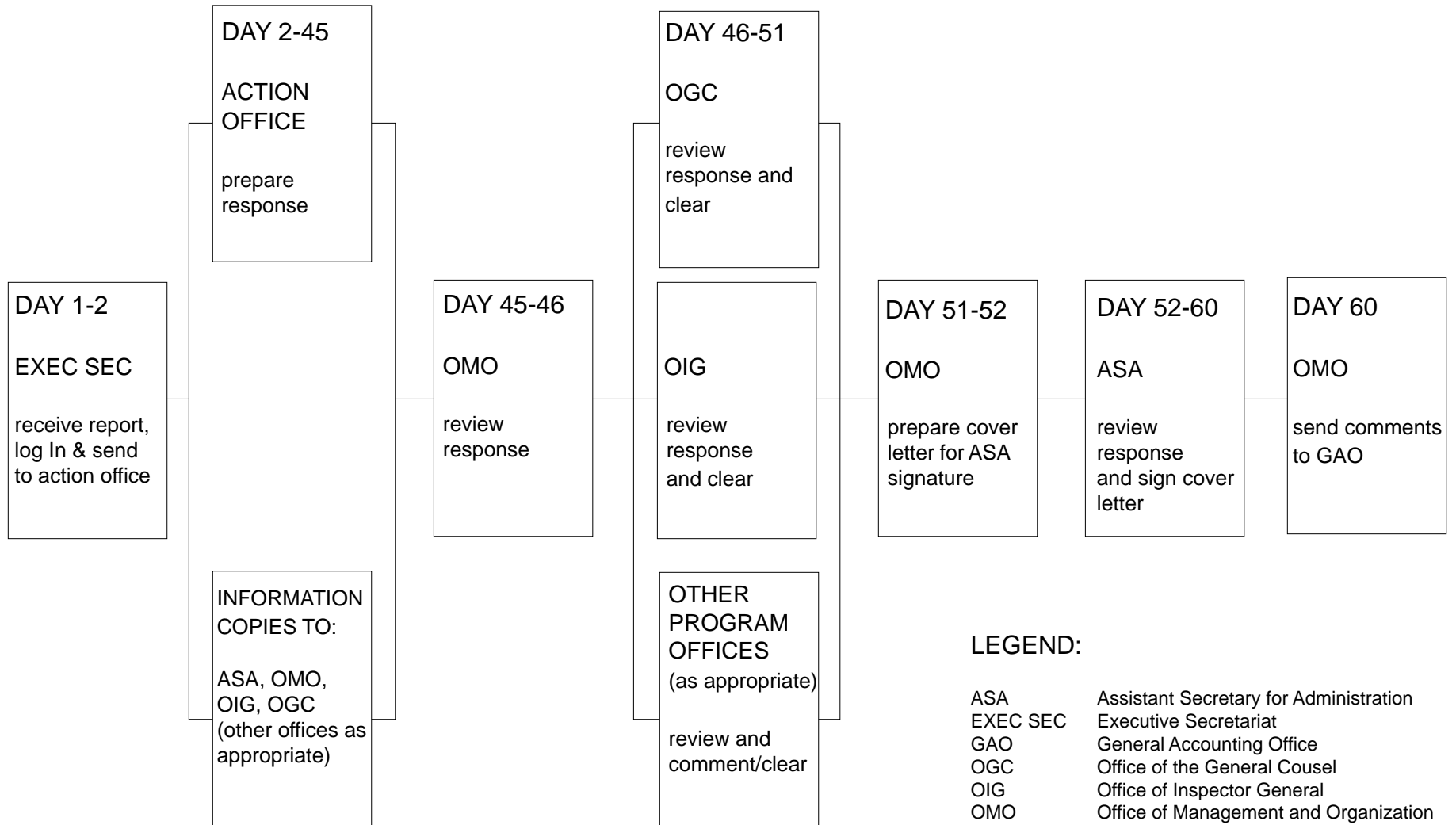
GAO DRAFT REPORT CLEARANCE

Response time for Department is 30 calendar days.



GAO DRAFT REPORT CLEARANCE

Response time for Department is 60 calendar days.



U. S. DEPARTMENT OF COMMERCE
COMMENTS ON DRAFT/FINAL GAO REPORT ENTITLED
"PESTICIDES: A Comparative Study of Industrialized
Nation's Regulatory Systems"

GAO/PEMD-93-17

July 30, 1993

*** *Sample format for response to draft or final reports.* ***

COMMENTS: If applicable, provide general comments in this section which do not address the specific recommendations.

RECOMMENDATION: Enter text of the recommendation from the GAO report.

RESPONSE: State specifically whether the Department concurs or does not concur with the recommendation. If there is noncurrence with the recommendation, provide an explanation. If concurring with the recommendation, provide the following information:

Describe what action is proposed to implement the recommendation.

- 0 Provide a target completion date for action proposed. if the action to implement the recommendation has already been taken, state so and give the actual completion date.

(NOTE: Each recommendation and response should be addressed separately so that it is clear what action will be taken for each recommendation.)

*** Sample format for response to draft or final reports. ***